

NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q4 • 2012

Employment



vs. prior
quarter



vs. prior
year

New Entity Filings



vs. prior
quarter



vs. prior
year

Total List Filings



vs. prior
quarter



vs. prior
year

Unemployment



vs. prior
quarter



vs. prior
year



The Quarterly Economic & Business Activity Report provides a quarterly review and analysis of trends in economic and business activities. It is intended to provide a unique perspective on business investments and market conditions within the State of Nevada. Data contained herein is sourced to the Nevada Secretary of State and other reporting agencies, including the Nevada Department of Employment, Training and Rehabilitation.

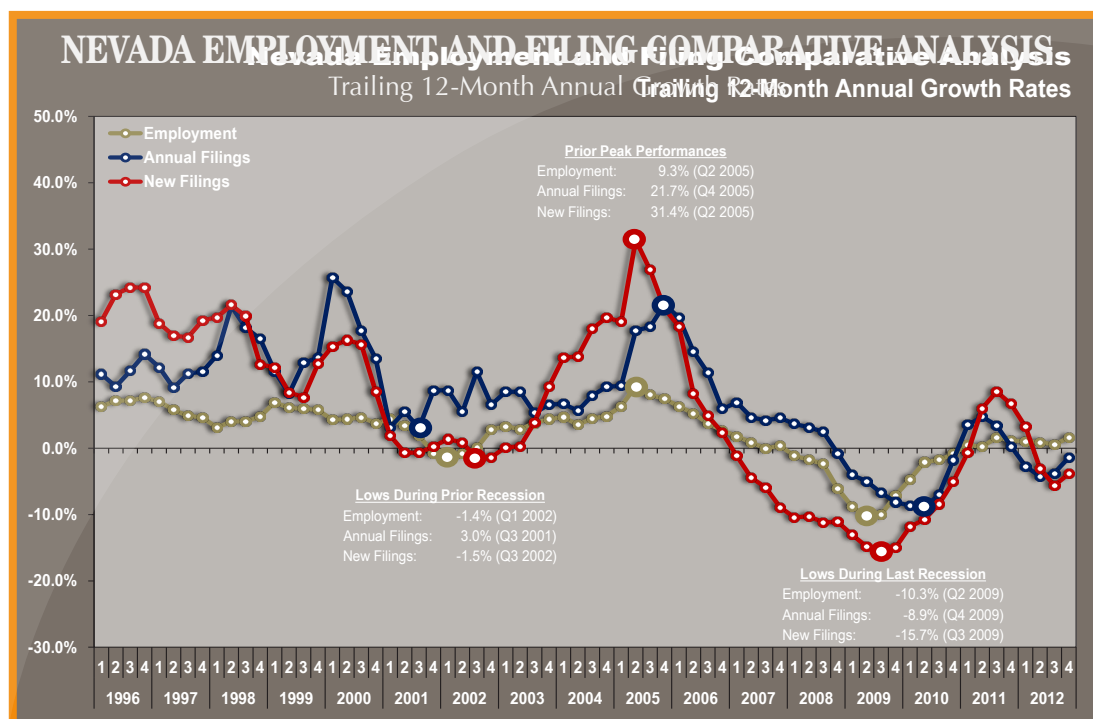
Business Entity Filings Increase in Final Quarter of 2012 Despite Q4 Growth, Filings Down for the Year

New Entity Filings *[Leading Indicator]*

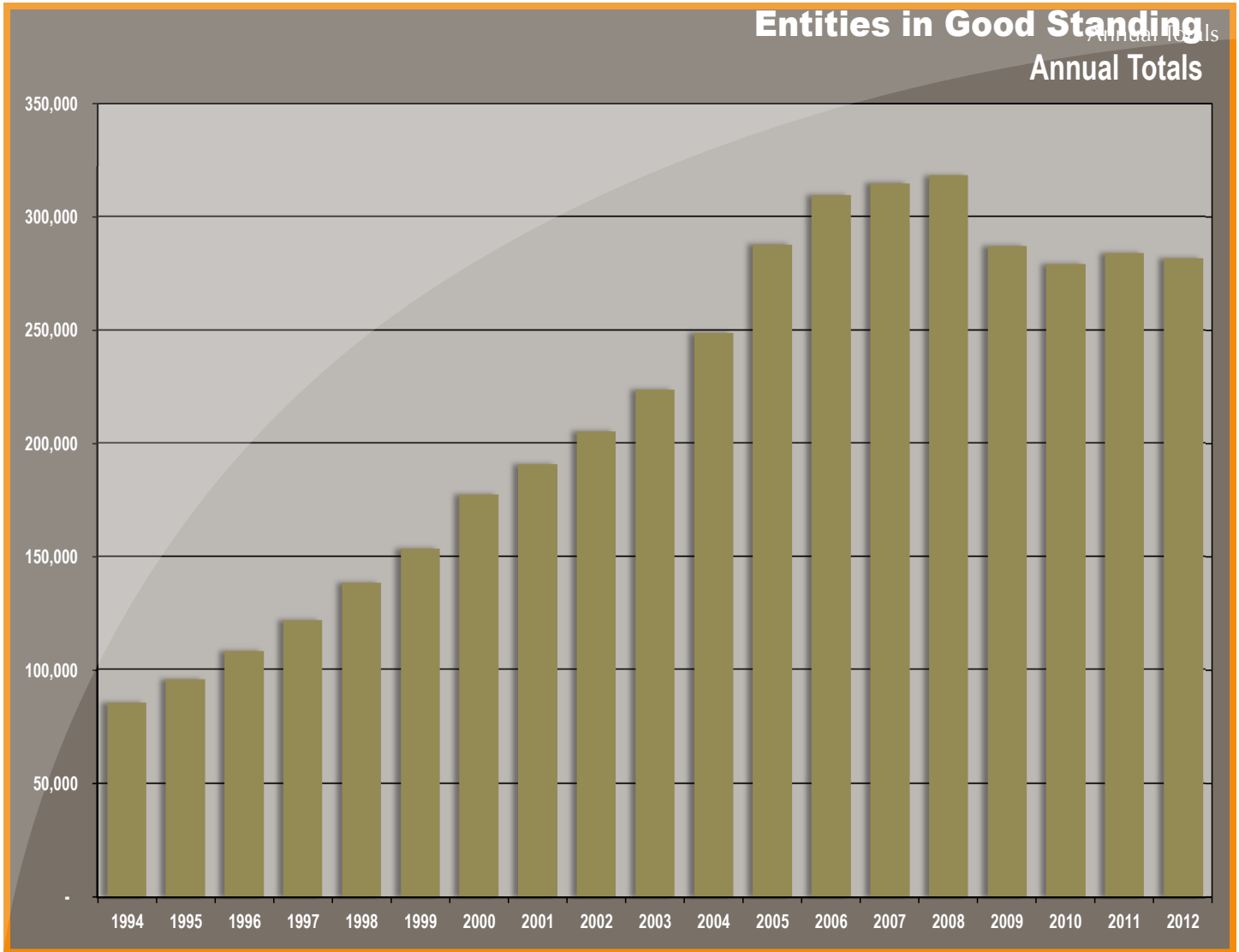
- New business entity filings increased to 13,704 during the fourth quarter of 2012, up 4.8 percent from the prior quarter (Q3 2012) and 3.8 percent from the prior year (Q4 2011). Despite the latest growth, new filings for the year (2012) declined 3.8 percent when compared to 2011, falling to 56,492 from 58,749.
- Domestic (Nevada) new filings increased 4.1 percent year-over-year to 12,795 during the quarter, with Limited Liability Companies ("LLCs") and Corporations reporting growth of 6.6 percent and 0.5 percent, respectively. Limited Partnerships ("LPs"), which represent just 1.7 percent of domestic filings, reported a 20.5-percent decline when compared to last year.
- The increase in domestic filings was partially offset by foreign (non-Nevada) new entity filings, which declined 6.1 percent from the prior quarter and increased a modest 0.9 percent from last year to 909. Year-over-year, LP and LLC filings increased 23.5 percent and 11.2 percent, respectively, but Corporations declined 8.2 percent.

Total List Filings *[Lagging Indicator]*

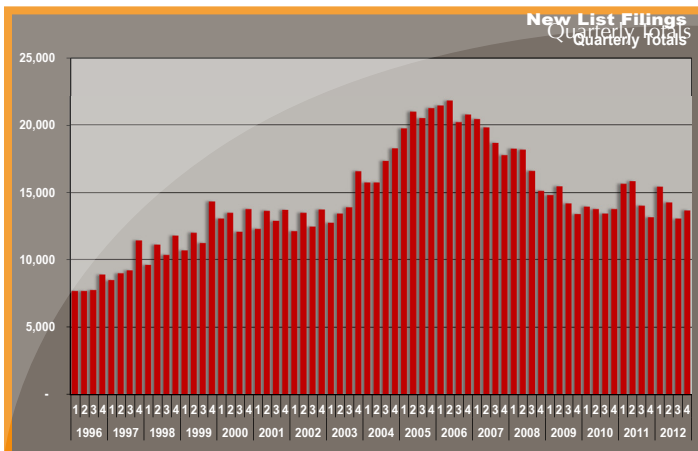
- Initial, annual and amended lists filed during the fourth quarter of 2012 totaled 71,728. Compared to the prior quarter, list filings are up 6.4 percent, while they increased 5.1 percent from a year ago. Corporations and LLCs, which represent 94.7 percent of list filings, both reported year-over-year increases, up 1.8 percent and 9.8 percent, respectively.
- In 2012, a total of 287,414 entities filed lists, representing a 1.4-percent decline from 2011. The only entity type that posted an increase was Limited Liability Companies, which were up 1.5 percent year-over-year. Meanwhile, Corporation filings fell by 3.6 percent, while LPs declined 8.0 percent.
- As of December 2012, 281,793 entities were considered to be in "good standing", up 0.4 percent from last quarter, but down 0.8 percent from a year ago.



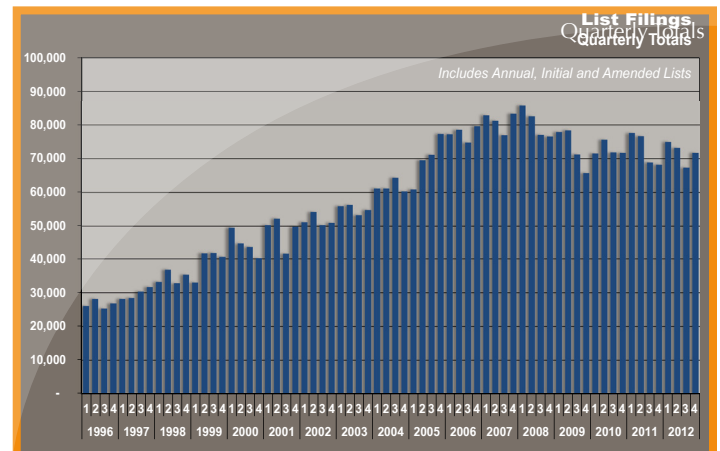
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



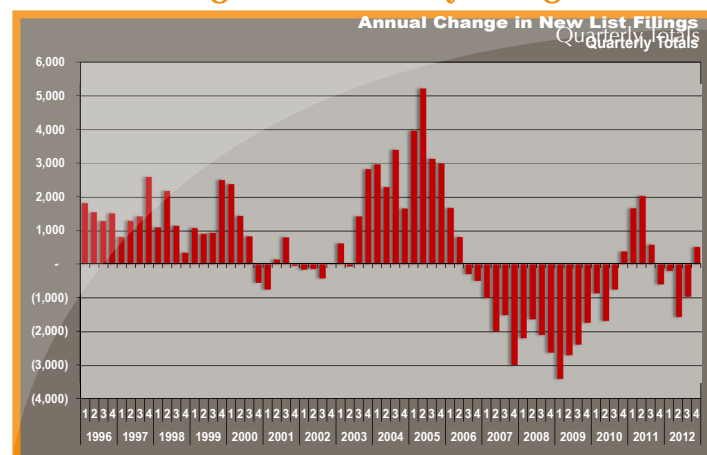
Quarterly Indicators ^[1]

Three Months Ended December 2012

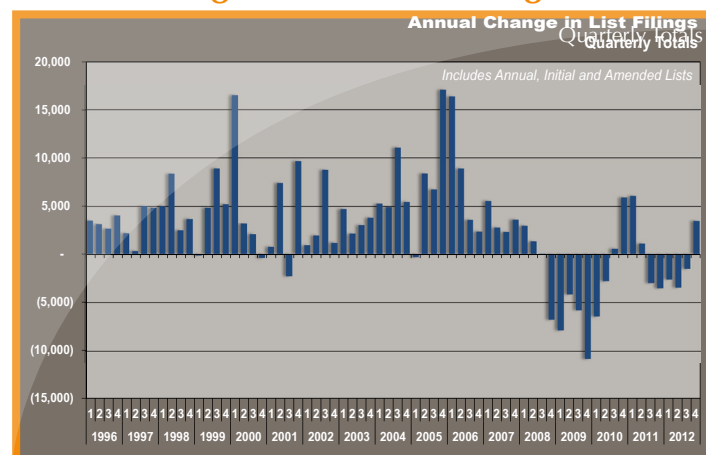
	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	32,660	30,405	2,255	7.4% ▲	32,073	587	1.8% ▲
Limited Partnerships	3,616	3,099	517	16.7% ▲	3,876	(260)	-6.7% ▼
Limited Liability Companies	35,255	33,590	1,665	5.0% ▲	32,100	3,155	9.8% ▲
Limited Liability Partnerships and Business Trusts	197	297	(100)	-33.7% ▼	206	(9)	-4.4% ▼
TOTAL	71,728	67,391	4,337	6.4% ▲	68,255	3,473	5.1% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	4,035	4,014	21	0.5% ▲	4,016	19	0.5% ▲
Limited Partnerships	221	147	74	50.3% ▲	278	(57)	-20.5% ▼
Limited Liability Companies	8,508	7,915	593	7.5% ▲	7,978	530	6.6% ▲
Limited Liability Partnerships and Business Trusts	31	37	(6)	-16.2% ▼	24	7	29.2% ▲
TOTAL	12,795	12,113	682	5.6% ▲	12,296	499	4.1% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	426	474	(48)	-10.1% ▼	464	(38)	-8.2% ▼
Limited Partnerships	21	14	7	50.0% ▲	17	4	23.5% ▲
Limited Liability Companies	455	474	(19)	-4.0% ▼	409	46	11.2% ▲
Limited Liability Partnerships and Business Trusts	7	6	1	16.7% ▲	11	(4)	-36.4% ▼
TOTAL	909	968	(59)	-6.1% ▼	901	8	0.9% ▲
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	4,461	4,488	(27)	-0.6% ▼	4,480	(19)	-0.4% ▼
Limited Partnerships	242	161	81	50.3% ▲	295	(53)	-18.0% ▼
Limited Liability Companies	8,963	8,389	574	6.8% ▲	8,387	576	6.9% ▲
Limited Liability Partnerships and Business Trusts	38	43	(5)	-11.6% ▼	35	3	8.6% ▲
TOTAL	13,704	13,081	623	4.8% ▲	13,197	507	3.8% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,155,100	1,139,500	15,600	1.4% ▲	1,137,100	18,000	1.6% ▲
Unemployment [4]	9.8%	11.2%	-1.4%	- ▼	12.9%	-3.1%	- ▼
Initial Jobless Claims	60,240	49,625	10,615	21.4% ▲	60,728	(488)	-0.8% ▼
Bankruptcies - Chapter 7 [5]	2,342	2,831	(489)	-17.3% ▼	3,241	(899)	-27.7% ▼
Bankruptcies - Chapter 11 [5]	49	65	(16)	-24.6% ▼	68	(19)	-27.9% ▼
Bankruptcies - Chapter 13 [5]	449	580	(131)	-22.6% ▼	852	(403)	-47.3% ▼

[1] Indicator values reflect three month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending December 2012.

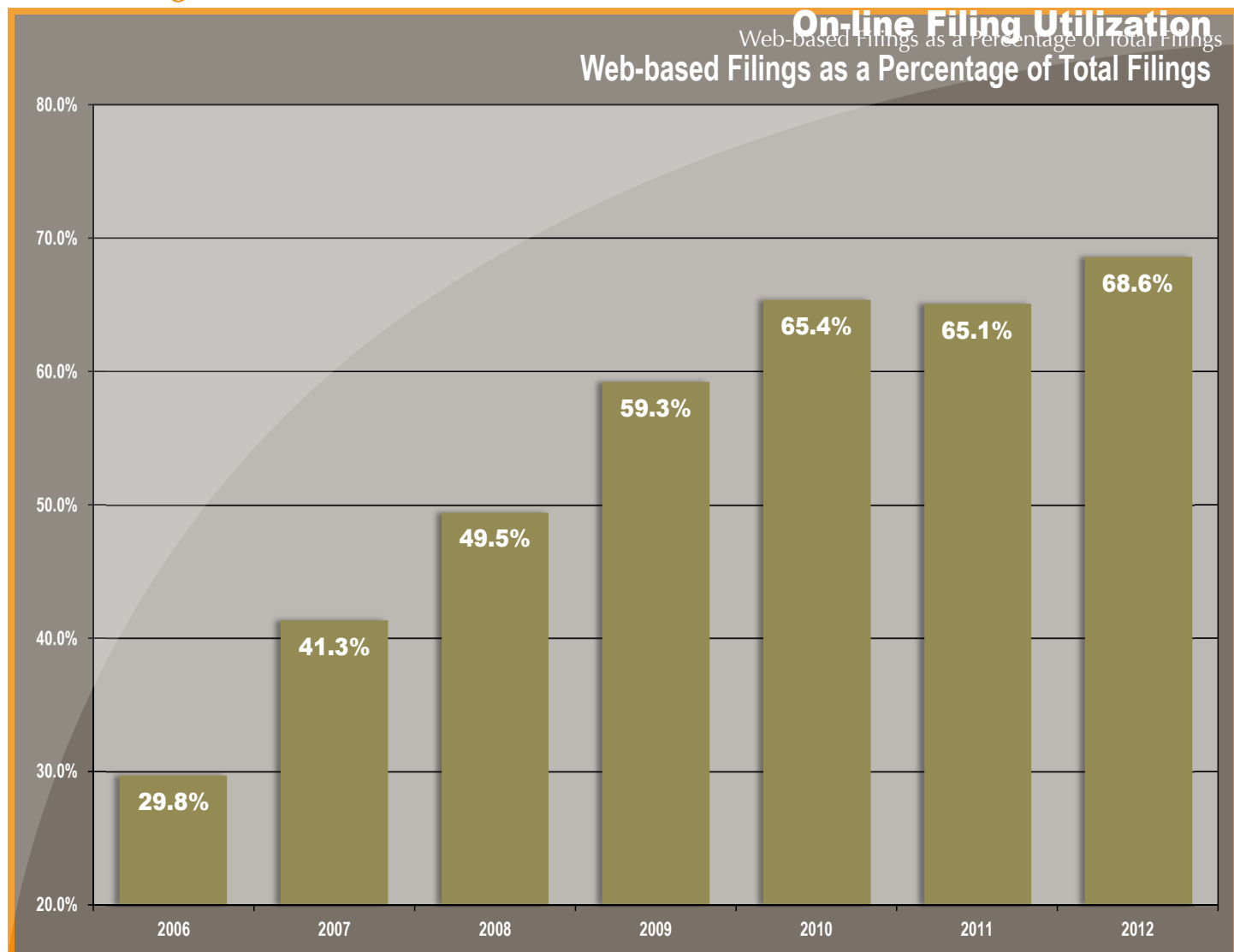
Annual Change in New Entity Filings



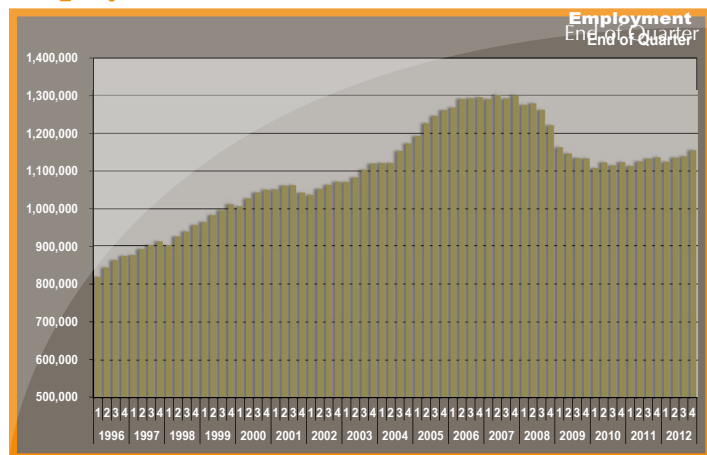
Annual Change in Total List Filings



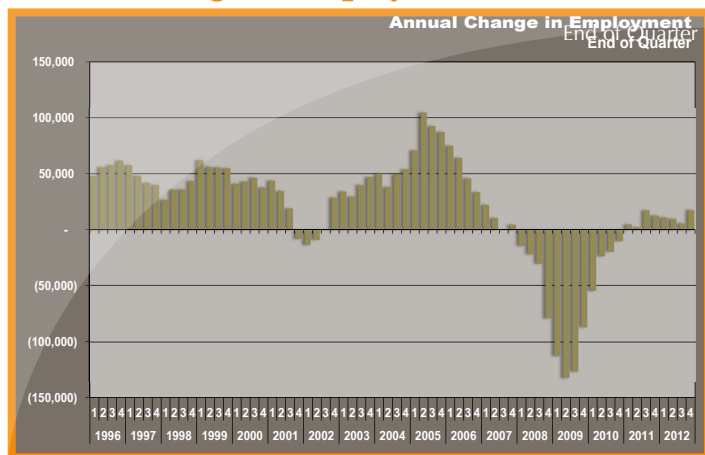
On-line Filing Utilization



Employment



Annual Change in Employment



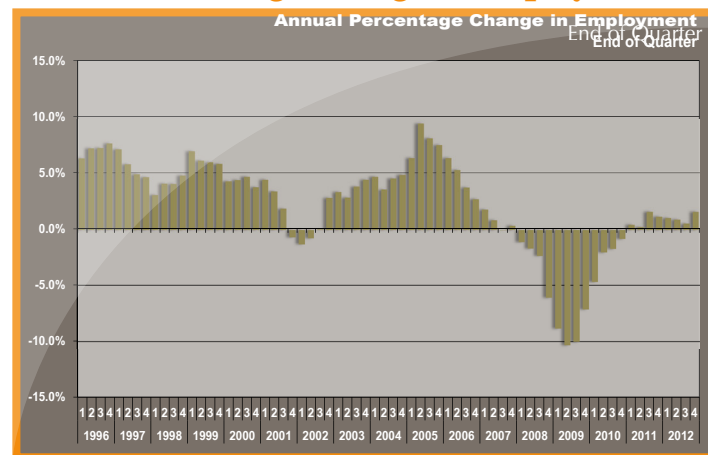
Annual Indicators ^[1]

Twelve Months Ended December 2012

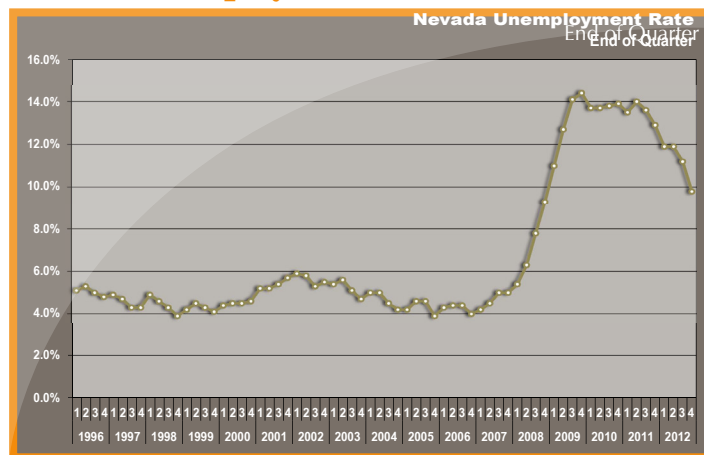
Current Quarter	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	130,400	129,813	587	0.5% ▲	135,335	(4,935)	-3.6% ▼
Limited Partnerships	13,612	13,806	(194)	-1.4% ▼	14,803	(1,191)	-8.0% ▼
Limited Liability Companies	142,497	139,342	3,155	2.3% ▲	140,421	2,076	1.5% ▲
Limited Liability Partnerships and Business Trusts	905	980	(75)	-7.7% ▼	946	(41)	-4.3% ▼
TOTAL	287,414	283,941	3,473	1.2% ▲	291,505	(4,091)	-1.4% ▼
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	16,731	16,712	19	0.1% ▲	17,462	(731)	-4.2% ▼
Limited Partnerships	702	759	(57)	-7.5% ▼	967	(265)	-27.4% ▼
Limited Liability Companies	35,054	34,540	514	1.5% ▲	36,142	(1,088)	-3.0% ▼
Limited Liability Partnerships and Business Trusts	118	122	(4)	-3.3% ▼	181	(63)	-34.8% ▼
TOTAL	52,605	52,133	472	0.9% ▲	54,752	(2,147)	-3.9% ▼
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	1,955	1,993	(38)	-1.9% ▼	2,091	(136)	-6.5% ▼
Limited Partnerships	70	66	4	6.1% ▲	74	(4)	-5.4% ▼
Limited Liability Companies	1,843	1,797	46	2.6% ▲	1,803	40	2.2% ▲
Limited Liability Partnerships and Business Trusts	19	24	(5)	-20.8% ▼	29	(10)	-34.5% ▼
TOTAL	3,887	3,880	7	0.2% ▲	3,997	(110)	-2.8% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	18,686	18,705	(19)	-0.1% ▼	19,553	(867)	-4.4% ▼
Limited Partnerships	772	825	(53)	-6.4% ▼	1,041	(269)	-25.8% ▼
Limited Liability Companies	36,897	36,337	560	1.5% ▲	37,945	(1,048)	-2.8% ▼
Limited Liability Partnerships and Business Trusts	137	146	(9)	-6.2% ▼	210	(73)	-34.8% ▼
TOTAL	56,492	56,013	479	0.9% ▲	58,749	(2,257)	-3.8% ▼
KEY ECONOMIC INDICATORS							
Employment [4]	1,155,100	1,139,500	15,600	1.4% ▲	1,137,100	18,000	1.6% ▲
Unemployment [4]	9.8%	11.2%	-1.4%	- ▼	12.9%	-3.1%	- ▼
Initial Jobless Claims	218,835	219,323	(488)	-0.2% ▼	233,278	(14,443)	-6.2% ▼
Bankruptcies - Chapter 7 [5]	11,423	12,322	(899)	-7.3% ▼	15,162	(3,739)	-24.7% ▼
Bankruptcies - Chapter 11 [5]	273	292	(19)	-6.5% ▼	355	(82)	-23.1% ▼
Bankruptcies - Chapter 13 [5]	2,400	2,803	(403)	-14.4% ▼	4,279	(1,879)	-43.9% ▼

[1] Indicator values reflect twelve month totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 12-months ending December 2012.

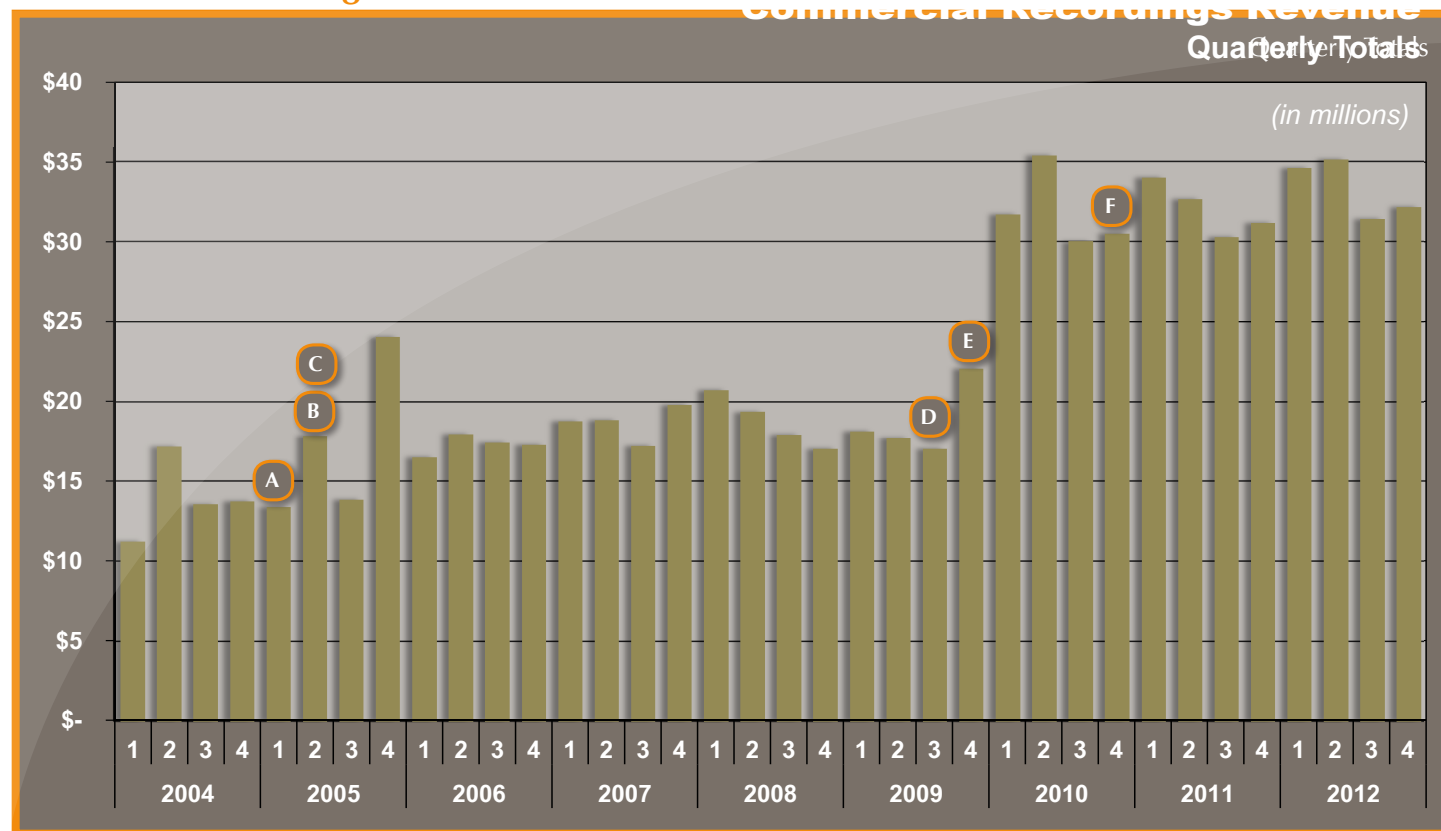
Annual Percentage Change in Employment



Nevada Unemployment Rate



Commercial Recordings Revenue



1991 – Major overhaul of Nevada business law, including the start of a business friendly environment (Delaware of the west), limited liability companies (LLCs) available in Nevada

1997 to 1998 – Implementation of floater division and changes in processes and staffing to reduce turnaround time from 8 to 10-plus weeks to 10 days or less

Q1 2001 – Height of filing increases preceding economic downturn and the events of September 11, 2001

October 1, 2001 – Fee increases in response to economic downturn, representing the first fee increases in 10 years; filing fees for articles rose from \$125 to \$175; initial lists increased from \$85 to \$165; and other fee increases were implemented

October 1, 2003 – Another significant fee change occurred: annual lists increased from \$85 to \$125 with a maximum of \$11,100 based on capitalization; new filings fee decreased from \$175 to \$75 and the maximum raised from \$25,000 to \$35,000 based on capitalization

- A January 29, 2005** – Implementation of e-SoS processing system for commercial recordings
- B April 2005** – Implementation of online services for initial, amended and annual lists
- C Q2 2005** – Peak of new filing increases
- D July 1, 2009** – Nevada state business license fee increased from \$100 to \$200 annually
- E October 1, 2009** – Nevada state business license authority transferred from the Department of Taxation to the Secretary of State of Nevada
- F December 2010** – Implementation of online articles services allowing customers to file new domestic corporations and limited liability companies (LLCs) online



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Ross Miller became the youngest Secretary of State in America and the youngest in Nevada history when he was elected in 2006. Unanimously selected by his peers to serve as President of the National Association of Secretaries of State for 2012, Ross' record of achievement since taking office reflects a true commitment to accountability and results. His accomplishments reflect a combination of enthusiasm for the job, and a vision for serving his constituents.



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Analyst's Assessment

“ Although the state's economy remains fragile, by the end of 2012, a number of sectors reported improvements from a year ago contributing to a lower unemployment rate. Nevada's unemployment rate fell to 9.8 percent in December, down significantly from the 12.9 percent reported a year ago, and the lowest rate in four years. Sectors reporting positive annual growth included trade, transportation and utilities (+7,100); education and health services (+6,000); leisure and hospitality (+6,000) and mining (+1,400). The government sector started to show some signs of stabilization, reporting three consecutive months of year-over-year growth (+1,900 in December). Jobs in the construction industry, however, continue to reflect a smaller share of overall employment, declining by 1,500 positions in December; little improvement is expected in the near-term.

Nevada's economy continues to improve in a number of areas with notable stability in consumer spending, tourism and the housing market. Business entity filings also showed positive growth in the final quarter of the year. That said, we did note that the level of new business entity filings in 2012 failed to reach levels reported in 2011. The foundation for positive growth in 2013 has been poured. Key issues to monitor include state and federal fiscal policies, the implications of increased payroll taxes on consumer spending and economic development efforts in the Silver State. ”

- **Jeremy Aguero**
Principal Analyst, Applied Analysis

Domestic (Nevada) Entities vs. Foreign (Non-Nevada) Entities – A domestic entity is an entity created pursuant to Nevada Law that may or may not have nexus in Nevada. Its formation documents are on file and a matter of public record in the office of the Secretary of State. A foreign entity is an entity created pursuant to the laws of a jurisdiction other than Nevada, which is qualified to do business in Nevada. Generally, most foreign entities have some sort of nexus in Nevada because they qualify so they may conduct business in Nevada.

Leading vs. Lagging Indicators – Generally, a lagging indicator is a measurable economic factor that changes after the economy has already begun to follow a particular trend or pattern. A leading indicator is a measurable economic factor that changes before the economy starts to follow a particular trend or pattern. Leading indicators can be used to predict changes in the economy. In this instance, new business entity filings provide directional insight into investments and business formation in the State of Nevada.

Information contained herein has been obtained from various sources deemed reliable. We have no reason to doubt its accuracy, but we do not guarantee it. **Applied Analysis** is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, real estate, hospitality, gaming, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges. To put it simply, we are a solutions resource. Our firm is guided by our core values – integrity, diligence and dedication. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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